

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:2776

ANSWERED ON:09.08.2001

FINANCIAL IRREGULARITIES BY DC (HANDLOOMS)

RENU KUMARI SINGH

Will the Minister of TEXTILES be pleased to state:

(a) whether DC (Handlooms) withdrew Rs.2.40 crores from the Government account on the last day of the financial year 1995-96 for setting up of quality control centre in the Weavers' Service Centre but kept the amount in the current account causing loss of interest of more than Rs.75 lakhs;

(b) if so, the reasons therefor;

(c) whether the Government have looked into the matter and fixed any responsibility for causing pecuniary loss to the State;

(d) if so, the details thereof;

(e) whether the Centre has been set up and is functioning; and

(f) if not, the reasons therefor ?

Answer

MINISTER OF STATE FOR TEXTILES (SHRI V. DHANANJAYA KUMAR)

(a) to (f) A statement is attached.

STATEMENT REFERRED TO IN REPLY TO PARAS(a) to (f) OF THE LOK SABHA UNSTARRED QUESTION NO.2776. TO BE ANSWERED ON 9TH AUGUST, 2001 - REGARDING FINANCIAL IRREGULARITIES BY DC(HANDLOOMS)

(a) to (f): Germany had promulgated an Ordinance governing its ecological policies in 1991-92 and it was amended in 1994 so as to ban Azo Dyes. The ordinance was to be effective from 1st April, 1996. The Indo-German Chamber of Commerce had cautioned the Indian Industries to take the ordinance seriously and ensure immediate arrangements for providing quality testing parameters for products exported to Germany. The testing of various eco parameters became inevitable in order to ban the use of Azo Dyes.

Handloom Sector being highly dispersed and decentralized, was likely to continue the use of banned dyes and chemicals, since the dissemination of information was a time consuming and difficult exercise. Since the ban had been imposed by Germany, action on war footing was to be taken to thwart any adverse impact on export of handloom products. Consequently 15 Weavers' Service Centres were identified for setting up Quality Control Cells. Sanction was issued on 29.03.1996 for drawal of Rs.2.40 crore from Government account for purchasing the requisite equipment, setting up Libraries and training the employees of Weavers' Service Centres. The amount was kept in current account in the Central Bank of India.

For finalizing the purchase of machineries and equipment for setting up Quality Control Cells in 15 identified Weavers' Service Centres, a 'Purchase and Infrastructure Augmentation Committee' was constituted and Global Tender Notice was issued in leading newspapers. Subsequently it was found that the requirement of equipment to be procured for setting up the Quality Control Cells needed a reassessment. Since such an exercise was time consuming, the unutilized amount drawn for this purpose was remitted to the Government account on 23.06.98.

All possible steps were taken to ensure that the Quality Control Cells were established in a given time frame. However, given the multiplicity of scientific equipment and the diverse requirement of different locations, the entire process was found to be time consuming. It was essential to ensure that the fund drawn was properly utilized for the purpose for which it was drawn and was spent in accordance with the laid down financial regulations.